

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1071 - SB 1329**

March 2, 2015

**SUMMARY OF BILL:** Creates new requirements in consumer warranty transactions involving an HVAC system. Requires any warranty to identify the individual making the warranty (provider) and to conform to federal standards for disclosure of warranty terms and conditions. The provided warranty or production registration form, materially or electronically, must include specific statements describing the warranty and applicable terms. Prevents a warranty or product registration card from being labeled as a “warranty registration” or a “warranty confirmation.” Any required warranty or product registration form, in regards to showing proof of purchase must be explained to the consumer by the provider and a disclosure form must be signed by both parties. A violation of these provisions constitutes an unfair or deceptive practice under the *Consumer Protection Act of 1977*, which allows a person to seek recovery of actual damages suffered. The provisions of the bill will become effective July 1, 2015, and shall not apply to any warranty or product registration card printed prior to July 1, 2015, and shipped or included with a product that was placed in the stream of commerce prior to July 1, 2015. These provisions are only applicable to HVAC units acquired for homes built before July 1, 2015, or post-construction homes.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Creates various new provisions governing the issuance of HVAC warranties and product registration cards.
- The Department of Commerce and Insurance’s Division of Consumer Affairs would be responsible for enforcing these new provisions.
- Additional consumer complaint cases may arise as a result of this legislation.
- A written consumer complaint to the Division is handled by a specialist. These specialists work to mediate the dispute between the business and consumer. The Division can handle any additional product consumer complaint cases that arise as a result of this legislation without additional cost.
- If mediation is not attained, legal remediation may be sought through a court of competent jurisdiction. Any increase in court cases regarding consumer complaints is assumed to be not significant

**IMPACT TO COMMERCE:**

**HB 1071 - SB 1329**

## **NOT SIGNIFICANT**

### **Assumptions:**

- Any company that currently has product warranty and registration cards or forms that do not currently meet the requirements of the proposed legislation will have to personally reprint the cards or forms. This will result in an increase in business expenses.
- Companies that print these warranty and registration cards and forms for other companies will realize an increase in revenue.
- It is unknown how many businesses will be impacted with increased expenditures or revenue to reprint the cards or forms, but it is reasonably assumed that the net impact to commerce statewide will be not significant.
- This will have no significant fiscal impact on any person or entity providing warranties to customers in regards to an HVAC system purchased from any such person or entity.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

/jdb